



COMPONENTA HOLDING

Interim Report 1 January - 30 June 2001

Componenta Holding Corporation

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Componenta Holding Group had net sales during the first six months of EUR 107.8 million (Pro-forma net sales of EUR 124.5 million in the same period in the previous year, comparable Pro-forma net sales of EUR 107.3 million). The Group had an operating profit of EUR 7.8 (9.6) million and a profit after financial items of EUR 4.2 (5.4) million. The profit of the Group fell from the Pro-forma figures for the previous year due to the losses in two business units. Profit after financial items for the whole year is expected to be between EUR 5 million and EUR 8 million (Pro-forma 2000 EUR 6.4 million). The Group's order book at the end of the review period stood at EUR 31.0 million (Pro-forma 1 January EUR 35.0 million).

Trading in the shares of Componenta Holding Corporation commenced on the main list of the Helsinki Exchanges on 19 March 2001, after the company had carried out the exchange of its shares for those of Componenta Corporation. The income statement of Componenta Holding Group includes the income statement of Componenta Group for the period 1 January - 30 June 2001, since the financial involvement in Componenta Group covers the whole period. The companies have the same governing bodies. Componenta Corporation is publishing its own interim report.

In this interim report, figures for comparison are presented as Pro-forma figures, so that the actual figures for 1 January - 30 June 2001 are compared with the corresponding period in the previous year and with the whole of 2000. Figures for comparison with the balance sheet and contingent liabilities on 30 June 2001 are presented for the situation on 1 January 2001.

Markets

Demand for heavy trucks in Europe has fallen from the high level at the end of last year. Production volumes are also somewhat down on the same period last year. The slowdown in economic growth in Europe has contributed to this fall in demand.

Demand for components from Nordic manufacturers of machinery and equipment has remained strong during the first part of the year. Production volumes for machinery and equipment in Finland have

risen, despite the slackening in demand for investment goods in Europe. Engineering production has focused on areas such as the energy and electromechanical sectors, which has helped this growth trend to continue.

Demand from the off-road industry has declined from the end of last year, but has still been satisfactory.

Changes in group structure

Componenta Corporation became a subsidiary of Componenta Holding Corporation following the offer to exchange and purchase shares, which ended on 9 March 2001. Holders of 89.9 per cent of the shares of Componenta Corporation exchanged their shares for shares in Componenta Holding and Componenta Holding Corporation purchased 6.1 per cent of Componenta's shares.

Componenta Holding Corporation made a redemption offer to purchase the remaining Componenta shares, in accordance with the Securities Market Act. The offer was valid for the period 23 March - 23 April 2001 and, as a result, Componenta Holding Corporation acquired 2.2 per cent of the shares and voting rights of Componenta Corporation. At the end of the redemption offer period Componenta Holding owned a total of 10,108,683 Componenta Corporation shares, the equivalent of 98.2 per cent of all the shares and voting rights of Componenta Corporation.

Componenta Holding Corporation decided on 24 April 2001 to initiate the expropriation of the remaining shares, in accordance with the Companies Act. In the expropriation procedure the district court has appointed a trustee to protect the rights of shareholders, and the Central Chamber of Commerce has appointed an administrator. Componenta Holding plans to apply for the removal of Componenta Corporation shares from the Helsinki Exchanges. At the end of the review period other shareholders held only 0.7 per cent of Componenta's shares.

In February Componenta sold its 50% holding in SEW-Componenta Oy to SEW-Eurodrive. At the end of March the group sold its 30% holding in Saint-Gobain Pipe Systems Oy to the French Saint-Gobain group.

In June the Group purchased the shares of Wecometal Oy owned by the capital

investment company Oy Wedeco Ab. Following this transaction the Group owns all the shares of Wecometal Oy. Wecometal, based in Pietarsaari, designs, manufactures and markets pistons for marine and power plant diesel engines. Wecometal changed its name to Componenta Pistons Oy.

In June Componenta sold the shares of Componenta Prometek AB to the company's executive management. In June the Group also sold the business operations of Ärnkome Oy to a company owned by its executive management. Componenta continues to provide financing for Prometek and Ärnkome.

Net sales

The Group had net sales of EUR 107.8 (124.5) million. Net sales was at the previous year's level when comparing the figures for ongoing operations.

Exports and foreign operations accounted for 73% (77%) of the group's net sales. Net sales by market areas were as follows: Finland 27%, other Scandinavian countries 53%, Central Europe 18% and other countries 2%.

Result and financing

Componenta Holding Group made an operating profit of EUR 7.8 (9.6) million during the review period, and the result after financial items was EUR 4.2 (5.4) million. The result includes profits from the sale of non-current assets and other non-recurring items, a net total of EUR 1.4 million. The Group's financial costs amounted to EUR 3.6 (4.2) million. The Group's net profit was EUR 4.0 million. Taxes of EUR -0.2 million are calculated on the basis of the Group's result for the period.

The profit of the Group fell from the previous year due to the decline in non-recurring income and due to the operative losses of Alvesta and Osby units. The divestments of loss-making operations contributed positively to the profit compared to the previous year. The Group's liquidity remained good throughout the review period. The equity ratio including the preferred capital notes and the negative goodwill in shareholders' equity was 32.8% (29.7%, Pro-forma 1 Jan.). Including the preferred capital notes in shareholders' equity, the equity ratio was 26.8% (23.4% Pro-forma 1 Jan.).



Cast and other components

Net sales for cast and other components for the six months totalled EUR 86.8 (86.6) million and the operating profit was EUR 6.3 (8.5) million. The order book at 30 June 2001 stood at EUR 25.9 (27.7) million. The decline in the operating profit was largely due to the loss-making performance of two business units.

Deliveries of components to the heavy truck industry have risen 2 per cent on the corresponding period for last year. Delivery volumes to the heavy truck sector have increased thanks to the contracts signed last year. Production levels have passed their peak, however, and this has shown in a levelling off in demand, especially at the group's machine shops.

Component deliveries to manufacturers of machinery and equipment rose 6 per cent on the same period last year. Sales to the off-road industry fell 5 per cent.

The Group has taken steps to adjust production volumes in response to the decline in demand from the heavy truck industry. This has meant increasing efficiency in the organization through personnel reductions at units supplying the heavy truck industry.

Programmes of remedial action are underway at the loss-making Alvesta and Osby units, which have been impairing the Group's result. These programmes aim to raise production efficiency and correct the cost structure at the units. They include product rationalisation and capital expenditure to boost productivity. Evaluations are also being made concerning personnel reductions. The actions are structural, so their effects will mainly be seen in 2002. The similar restructuring programme at the Karkkila foundry was completed during the first half of the year, and the steps taken there have improved the unit's operating profit and made it positive.

Sales of geared components by Componenta Albin AB have matched expectations. Deliveries to the heavy truck industry have been lower than last year.

The operations of the Customer Product Center (CPC) established in Helsinki at the beginning of March have started up according to plan. A total of 25 people work at the center in sales, marketing, logistics management and R&D. The reaction from customers to the CPC has been positive.

The company has recorded fewer new orders for components than last year, particularly for the heavy truck industry. The structural changes in the sector have resulted in companies not starting new projects before they have drawn up their strategic policies for products and components.

Other operations and associated companies

Other operations had net sales during the review period of EUR 17.1 (19.2) million and an operating profit of EUR 0.5 (1.1) million. The order book at 30 June 2001 stood at EUR 5.2 (7.4) million.

The change in demand from the heavy truck industry also meant a fall in delivery volumes of the Group's forged components compared to the start of the previous year. Sales of metal components rose clearly on the previous year.

Componenta Holding Group's share of the result of the associated companies was EUR -0.5 (0.0) million. The loss was due to one-time write-downs made in the 2000 financial statements of the Thermia Group and its losses at the start of the year.

Investments

Investments in production facilities carried out during the review period totalled EUR 7.6 (7.2) million. The most significant investments were the new cooling line for castings at the Alvesta foundry, the new machine centres at the Främme-stad and Osby machine shops and the new pressing line for forged components at Wirsbo. Gross investments, including the purchase of Componenta Corporation shares, totalled EUR 42.3 million.

Componenta Holding Group's investments in production facilities for the whole year are estimated to be about EUR 15 million.

Share capital and shares

Trading in the shares of Componenta Holding commenced on the main list of the Helsinki Exchanges on 19 March 2001. At the end of the review period the company's share capital stood at EUR 19.2 million. The shares have a nominal value of 2 euros. At the end of the period on 30 June 2001 their quoted price stood at EUR 2.90. The share capital had a market value of EUR 27.9 million. The vol-

ume of shares traded during the review period was equivalent to 7.1% of the share capital.

Authorization for share issues and purchasing own shares

The company's Board of Directors has no authorization for share issues or for purchasing the company's own shares.

Exchange of Componenta's warrants

Componenta Holding Corporation offered corresponding Componenta Holding Corporation warrants to holders of Componenta Corporation warrants, on the condition that they surrender their Componenta Corporation warrants to Componenta Holding Corporation. A total of 567,847 Componenta Holding Corporation warrants were subscribed. They entitle the warrant holders to subscribe to a total of 567,847 Componenta Holding Corporation shares, or about 5.9 per cent of the number of Componenta Holding Corporation shares at the end of the review period.

Prospects

Uncertainty about where the economy is heading has been a noticeable feature of general economic trends in Europe. Industrial indicators have fallen and companies have become cautious in their capital expenditure.

In the heavy truck industry it is estimated that demand this year will be about 10% lower than in the previous year. Thanks to the new orders for components signed in 2000, deliveries by Componenta Holding Group in 2001 should be roughly the same as in the previous year.

The situation in the general engineering industry seems to favour Finnish companies in the sector, and so far demand for components in Finland has continued to grow. The increase in demand is expected to level off towards the end of the year, however. Demand for off-road and other industrial components is expected to be lower than in the previous year.

The Group is forecast to have net sales in 2001 of just over EUR 200 million. Bearing in mind the risks in the uncertainty of the economic environment, profit after financial items for the whole year is expected to be between EUR 5 million and EUR 8 million (Pro-forma 2000 EUR 6.4 million).

Componenta Holding Corporation

INCOME STATEMENT (MEUR)	1.1.-30.6.2001	<i>Proforma</i>	
		1.1.-30.6.2000	1.1.-31.12.2000
Net sales	107.8	124.5	225.7
Other operating income	3.4	5.3	7.4
Share of the associated companies' result	-0.5	0.0	-0.5
Operating expenses	98.7	115.0	208.7
Depreciation and write-downs	4.2	5.2	9.4
Operating profit	7.8	9.6	14.5
% of net sales	7.3	7.7	6.4
Financial income and expenses	-3.6	-4.2	-8.0
Profit after financial items	4.2	5.4	6.4
Income taxes	-0.2	-	-
Minority interest and conversion difference	0.0	-	-
Net profit	4.0	-	-

BALANCE SHEET (MEUR)	30.6.2001	<i>Proforma</i>	
		1.1.2001	
Assets			
Group goodwill	1.1	0.0	
Non-current assets	151.7	155.6	
Current assets			
Inventories	21.6	22.8	
Receivables	49.8	56.1	
Cash and bank accounts	0.8	4.9	
Total current assets	72.2	83.8	
Total assets	225.0	239.4	
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2	19.2	
Other equity	15.9	11.5	
Preferred capital notes	22.7	22.7	
Total shareholders' equity	57.8	53.4	
Minority interest	2.5	2.5	
Negative goodwill	13.6	15.1	
Liabilities			
Non-current liabilities			
Interest bearing	72.9	78.3	
Interest free	2.1	3.7	
Current liabilities			
Interest bearing	40.2	50.5	
Interest free	35.9	35.8	
Total liabilities	151.1	168.4	
Total liabilities and shareholders' equity	225.0	239.4	



KEY RATIOS	30.6.2001	Proforma
		1.1.2001
Equity ratio, %	16.7	13.9
Equity ratio, %, preferred capital notes and negative goodwill in equity	32.8	29.7
Equity per share, EUR	3.65	3.20
Net interest bearing debt, MEUR	105.1	110.5
Net interest bearing debt, MEUR, preferred capital notes in debt	127.8	133.2
Net gearing, %, preferred capital notes and negative goodwill in equity	142.3	155.5
Net gearing, %	340.4	400.5
Order book, MEUR	31.0	35.0
Investments in non-current assets, MEUR (*)	42.3	28.2
Average number of personnel	1 858	1 986
Number of personnel at the end of the period	1 872	1 936
Share of export and foreign activities in net sales, %	73.0	77.0
Contingent liabilities, MEUR (**)	76.3	43.3

(*) Investments in year 2001 include the acquisition of Componenta Corporation shares.

(**) Contingent liabilities for year 2001 include 32.8 MEUR Componenta Corporation shares which have been pledged. The amount of debts secured by the pledge is 3 MEUR.

DERIVATIVE INSTRUMENTS (MEUR)	30.6.2001		Proforma 1.1.2001	
	Nominal value	Current value	Nominal value	Current value
Interest derivatives				
Interest rate swaps	32.3	0.1	32.3	0.4
Future agreements	-	-	9.0	-0.1
Currency derivatives				
Forward exchange agreements	40.2	0.3	70.1	0.6
Currency swaps	-	-	2.7	0.0

Derivative instruments are used to hedge the Group's foreign exchange and interest rate risks

LARGEST REGISTERED SHAREHOLDERS ON JUNE 30, 2001

Shareholder	Shares	Share of total voting rights %
1 Lehtonen Heikki	3 681 731	38.29
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Helsingin Santapaperi Oy	340 000	
Oy Högfors-Trading Ab	5 000	
2 Etra Invest Oy	802 100	8.34
3 Ilmarinen Mutual Pension Insurance Company	457 600	4.76
4 Sampo Group	437 800	4.55
Sampo Life Insurance Company Ltd	237 800	
Industrial Insurance Company Ltd	200 000	
5 Seligsson & Co Investment Fund Oyj	271 200	2.82
6 Federation of Finnish Metal Engineering and Electrotechnical Industries	213 400	2.22
7 Lehtonen Anna-Maria	178 823	1.86
8 Local Government Pension Institution Finland	150 000	1.56
9 Finnish National Fund for Research and Development (Sitra)	148 800	1.55
10 Inkinen Simo-Pekka	135 100	1.41
11 Alfred Berg Finland Investment Fund	132 500	1.38
12 Lehtonen Yrjö M	131 040	1.36
13 Alfred Berg Portfolio Investment Fund	128 000	1.33
14 Insurance Company Suomi	116 800	1.21
15 Alfred Berg Optimal Investment Fund	114 200	1.19
16 Other shareholders	2 516 215	26.17
Total	9 615 309	100.00

The members of the Board of Directors own 39.3% of the shares. All shares have equal voting rights.

Componenta Holding Corporation

CORPORATE DEVELOPMENT BY BUSINESS GROUP (MEUR)

		<i>Proforma</i>	<i>Proforma</i>
	1.1.-30.6.2001	1.1.-30.6.2000	1.1.-31.12.2000
Net sales			
Cast and other components	86.8	86.6	167.0
Other business	17.1	19.2	35.9
Divested operations	3.1	17.1	21.0
Others and internal sales	0.8	1.5	1.9
Componenta Holding Group total	107.8	124.4	225.7
Operating profit	1.1.-30.6.2001	1.1.-30.6.2000	1.1.-31.12.2000
Cast and other components	6.3	8.5	12.9
Other business	0.5	1.1	1.4
Divested operations	0.1	-2.9	-3.3
Others and internal sales	0.9	2.9	3.4
Componenta Holding Group total	7.8	9.6	14.5
Order book	30.6.2001	30.6.2000	1.1.2001
Cast and other components	25.9	27.7	27.7
Other business	5.2	7.4	6.5
Divested operations	-	1.1	0.9
Others and internal sales	-0.1	-0.1	-0.1
Componenta Holding Group total	31.0	36.1	35.0

CORPORATE QUARTERLY DEVELOPMENT (MEUR)

		<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	
	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales	51.5	56.3	57.4	43.8	61.9	62.6
Operating profit	4.0	3.8	3.6	1.2	6.9	2.7
Net financial items	-1.7	-1.9	-1.8	-2.0	-2.2	-2.0
Profit/loss after financial items	2.3	1.9	1.8	-0.8	4.7	0.7

QUARTERLY DEVELOPMENT BY BUSINESS GROUP (MEUR)

		<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	
	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales						
Cast and other components	41.6	45.2	45.4	35.1	43.6	42.9
Other business	8.2	8.9	9.8	6.8	9.6	9.6
Divested operations	1.3	1.8	1.9	2.0	8.1	9.0
Others and internal sales	0.4	0.4	0.4	-0.1	0.5	1.0
Componenta Holding Group total	51.5	56.3	57.4	43.8	61.9	62.6
Operating profit	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Cast and other components	2.9	3.4	3.7	0.7	4.1	4.3
Other business	0.2	0.3	0.5	-0.1	0.6	0.5
Divested operations	0.3	-0.2	-0.3	-0.2	0.2	-2.9
Others and internal sales	0.6	0.3	-0.4	0.8	2.0	0.8
Componenta Holding Group total	4.0	3.8	3.6	1.2	6.9	2.7
Order book	30.6.2001	31.3.2001	1.1.2001	30.9.2000	30.6.2000	31.3.2000
Cast and other components	25.9	27.0	27.7	29.7	27.7	24.8
Other business	5.2	5.8	6.5	7.5	7.4	6.5
Divested operations	-	0.8	0.9	1.2	1.1	5.2
Others and internal sales	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Componenta Holding Group total	31.0	33.5	35.0	38.3	36.1	36.4

Helsinki, 12 July 2001
Componenta Holding Corporation
Board of Directors

COMPONENTA

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